

**The Testimony of
Mr. Bo Stone, Rowland, NC
U.S. House Agriculture Committee, Farm Bill Field Hearing
Fayetteville, NC
February 6, 2006**

Mr. Chairman, Ranking Member Peterson, and members of the Committee, my name is Bo Stone. I run a diversified farm in Rowland, North Carolina, which is located in Congressman McIntyre's district. Specifically, I produce (fill in here Bo). It is an honor to talk with you today.

Mr. Chairman, John F. Kennedy once said that farmers are the only businessmen who buy everything they buy at retail, sell everything they sell at wholesale, and pay the freight both ways. This statement provides perspective on the important purpose of the Farm Bill.

As price takers, we are unable to pass on increases in our input costs to the buyers of our commodities. Fortunately, the Farm Bill helps to ensure an abundant and affordable supply of food, helps conserve natural resources, and supports the family farm. As you know, farm payments often receive misguided and negative attention, and as Congress writes the next version of the Farm Bill, I am certain that the familiar misconceptions about farm programs will be heard yet again. Critics of farm program spending must be reminded that it is impossible to balance the budget by making cuts to a program that accounts for less than one-half of one percent of all federal expenditures. I realize that with our federal budget in deficit, the next Farm Bill budget will be tight. But I remind you that without a strong farm program our rural economy and the backbone of our nation will suffer.

A Farm bill that provides a strong safety net and income stability is critical to our farmers. The purpose of the 2002 Farm Bill was to provide that safety net and stability through its market oriented approach. Candidly, that safety net comes at a bargain because the commodity title accounts for only approximately 25% of the total Farm Bill authorization. This portion of the Farm Bill provides for the direct, counter cyclical, and loan deficiency payments to farmers. Estimates indicate that the total cost of the 2002 Farm Bill is approximately \$10 billion lower than anticipated even though farmers have been faced with periods of low prices. Lowering the counter cyclical payments and the loan deficiency payments would devastate our nation's farms.

Rising fuel prices have increased the energy costs to American farmers by \$6.2 billion over the past two years and fertilizer prices have tripled over the last several years. Continued support of alternative fuels will stimulate the agriculture economy while reducing our dependence on foreign oil. I was pleased to hear President Bush's comments relating to renewable fuels in his State of the Union address, and I applaud this Committee for its leadership in enacting the last year's federal energy bill. I urge the Committee to consider expanding upon these initiatives as part of the next Farm Bill's energy title.

As the Committee knows, the 2002 Farm Bill was historic for the levels of funding for conservation. Through programs such as EQIP, CRP, and CSP, farmers have been able to better

protect the environment, provide better habitat for wildlife, and conserve our natural resources. Funding of the CSP should be completed to help protect all of our river basins.

As U.S. agriculture looks for ways to be more competitive in the increasingly global marketplace, producers also need access to a wide array of financial services to ensure their success. Farm Credit System's new Horizons initiative offers a number of important suggestions regarding how Farm Credit can better serve farmers like me. This is an important issue that I encourage the Committee to study carefully.

Affordable crop revenue insurance should also be a goal for the next Farm Bill. With crop inputs rising drastically, farmers need affordable options in which they can guarantee coverage of their variable costs.

Finally, any future farm legislation should not include more restrictive payment limitations, as these caps limit some of the efficiencies of economies to scale for even our average sized cotton farmers.

Without the safety net provided by the current farm program many farmers would be unable to secure the credit needed to finance their operations, forcing them out of business and devastating the rural economy. The current Farm Bill costs Americans just over 4 cents per meal. Four pennies per meal gives Americans access to the cheapest, safest, and most abundant food supply in the world.

In closing, as William Jennings Bryan said in 1896, "leave our farms and burn your cities and your cities will spring up again as if by magic. Burn our farms and leave your cities and grass will grow in every street." Agriculture is just as vital and important to our economy today as it was then. Please keep that thought in mind as you work on the next Farm Bill.

Thank you, and I look forward to your questions.